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**Statement by Zach Hall,  
President of the California Institute for Regenerative Medicine,  
on the Bureau of State Audits Report on California's Stem Cell Agency**

SAN FRANCISCO, February 27, 2007 – The California Institute for Regenerative Medicine (CIRM) today released the following statement from its President and Chief Scientific Officer, Zach W. Hall, Ph.D.:

Today the Bureau of State Audits (BSA) released a report entitled “California Institute for Regenerative Medicine: It Has a Strategic Plan, but It Needs to Finish Developing Grant-Related Policies and Continue Strengthening Management Controls to Ensure Policy Compliance and Cost Containment”.

We appreciate the care and effort of BSA team members who prepared the report. We are pleased by the many positive findings they made, and view the report overall as accurate and fair. The auditors’ careful examination of the policies and procedures of the Institute has been very valuable in helping us to assess our performance, as have their suggestions for specific areas for improvement. Indeed, we have already addressed many of the issues identified in our policies and procedures in advance of receiving the final audit report. We will address the balance of the report’s recommendations in the coming months.

When the audit began, the CIRM had been in operation barely 18 months and had a staff of just 20. As a very young state agency, we are still in the process of establishing and refining key policies and procedures. And of course our major source of funding – general obligation bonds – is delayed by litigation, which we hope will conclude later this year.

The audit report makes a useful and important contribution to our effort to operate the Institute as effectively and as efficiently as possible, and in full compliance with the law. As a state agency, we are not only committed to our scientific mission to advance stem cell science to therapies, we are also committed to earning the trust of the public as responsible stewards of the state’s funds. In this regard, the audit report has been helpful and has made us a stronger agency.

The BSA report on the CIRM is available at <http://www.bsa.ca.gov/bsa/>.

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